

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6211

BILL NUMBER: SB 72

NOTE PREPARED: Dec 8, 2010

BILL AMENDED:

SUBJECT: Carbon Dioxide Pipelines and Eminent Domain.

FIRST AUTHOR: Sen. Gard

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill establishes procedures for the issuance by the Department of Natural Resources (DNR) of a carbon dioxide transmission pipeline certificate of authority that allows construction, operation, and maintenance of a pipeline and the use of eminent domain for those purposes. The bill establishes the Carbon Dioxide Transmission Pipeline Authorization Fund.

Effective Date: July 1, 2011.

Explanation of State Expenditures: A carbon dioxide transmission pipeline company may apply to the DNR for issuance of a carbon dioxide transmission pipeline certificate of authority. The increase in administrative expenses for the DNR will depend on the number and nature of the projects as well as the number of certificates issued. Potential administrative costs are outlined below.

Forms. The DNR must prescribe the form of the application. Costs to create a prescribed form are not expected to involve more than 15 to 20 actual working days. Existing staff could be utilized to develop the necessary permit application forms.

Review of Proposed Projects. The DNR must review the application. Depending on the length and complexity of the proposed project and the quality or completeness of the application, the following activities and time frames would be involved:

Initial review to determine whether application is complete - 0.5 to 3 working days

Technical review of application and preparation for public informational meeting – 1 to 3 working days

Conducting public informational meeting – 1 working day

Review of comments received from public informational meeting – 0.5 to 3 working days

Preparation of final determination to approve or deny the application – 0.5 to 2 working days

Public Meeting. The DNR must conduct a public meeting in the county seat of one of the counties in which the proposed carbon dioxide transmission pipeline will be located. The cost of holding a public meeting ranges from \$100 to \$300.

Administrative Review. A determination of the DNR is subject to administrative review. Increased administrative expenses would occur if requests for a review occur. The number and nature of requests for review and the associated expenses are indeterminable.

Potential Applicants. Potential parties who might seek permits under the proposal would include the following:

Entities engaged primarily in the business of transporting CO₂ from Indiana sources to downstream locations which are outside Indiana. Included also could be transporters moving CO₂ from upstream sources through Indiana to other downstream locations. The downstream uses of the CO₂ might be enhanced oil recovery operations or out-of-state geological storage facilities. One such entity is known at the present time.

Entities engaged in the operation of facilities which generate substantial quantities of CO₂ who are interested in transporting the CO₂ to permitted geological storage facilities. Large coal combustion facilities which could be capable of large scale CO₂ capture are the most likely entities who could seek permits. Intrastate pipelines might be necessary to transport CO₂ to the final underground storage site depending on the proximity of the storage site to the CO₂ capture site. At least two such facilities are proposed, although it is not known to what extent they might need to seek permits.

Explanation of State Revenues: *Application Fees.* A carbon dioxide transmission pipeline company may apply to the DNR for a carbon dioxide transmission pipeline certificate of authority. The application must include a \$1,000 filing fee. The DNR must deposit fee revenue in the Carbon Dioxide Transmission Pipeline Authorization Fund, which is to be used to administer the certificate program. Based on potential parties listed above, the proposal could generate \$3,000.

Carbon Dioxide Transmission Pipeline Authorization Fund. The fund consists of filing fees; accrued interest and other investment earnings; and gifts, grants, donations, or appropriations from any source. Money in the fund does not revert to the state General Fund at the end of a state fiscal year. The Treasurer of State must invest money in the fund not currently needed to meet the obligations in the same manner as other public money may be invested. If the fund is abolished, all money in the fund is transferred to the state General Fund.

Explanation of Local Expenditures: *Libraries.* Applicants must place for public inspection a copy of the application in a public library located in each county in which the carbon dioxide transmission pipeline is proposed to be located. This provision should have no significant impact on libraries.

Eminent Domain. If a carbon dioxide transmission pipeline company received a certificate of authority and is not able to reach an agreement with a property owner for the construction, operation, and maintenance of the pipeline on the owner's property, the company may proceed to condemn land, improvements, a right-of-way, an easement, or any other interest in the owner's property necessary for the pipeline. An affected landowner may bring an action in the circuit court of the county in which the landowner's property is located. These provisions will increase local court expenditures by an indeterminable amount.

Explanation of Local Revenues: If actions are brought in a local court, court fee revenue may increase by a small amount.

State Agencies Affected: DNR.

Local Agencies Affected: Libraries and courts.

Information Sources: DNR

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